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In the matter of the dispute between	*	
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CITY OF AMES	*	ARBITRATION
AMES, IOWA	*	AWARD
	*	
and	*	
	*	
INTERNATIONAL ASSOCIATION OF	*	Richard Pegnetter
FIREFIGHTERS, LOCAL 625	*	Arbitrator
	*	April 6, 2011
	*	
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An arbitration hearing in the above matter was held in Ames, Iowa on March 22, 2011 before the undersigned Arbitrator. During the hearing, both the City, City of Ames, and the Union, International Association of Firefighters, Local 625, were given full opportunity to provide evidence and argument. The hearing began at 9:00 am and concluded at approximately 3:00 pm. Neither party elected to file a post-hearing brief.

APPEARANCES:

For the City: Judy Parks - Assistant City Attorney

For the Union: Douglas Neys - President of IAFF, Local 625

Background. The City of Ames is a community of approximately 57,000 residents, located near the center of Iowa. The city is home of Iowa State University, the community’s largest employer, and the location for several large federal and state government activities. These include the U.S. Department of Agriculture’s National Animal Disease Center and the main offices of the Iowa State Department of Transportation. The Union represents a bargaining unit

composed of 49 firefighters, lieutenants, and a single fire inspector. The current agreement expires on June 30 of 2011. The parties had negotiated for several months, and although several items were resolved, the parties were unable to complete an agreement. Mediation was then invoked under the terms of the Iowa Public Employment Relations Act, Iowa Code Chapter 20. Mediation was not successful and the parties then sought arbitration, selecting the undersigned as the sole arbitrator. The parties agreed to an extension of the March 15 statutory deadline for arbitration and the hearing was scheduled for March 22, as noted above. Several items in dispute were resolved after mediation, and prior to arbitration. The parties presented the arbitrator with final offers on the following two, mutually agreed, ISSUES AT IMPASSE:

- a. Wages. The current agreement provides wage schedules for different bargaining unit employees. These schedules establish basic wages which range from \$40,346 for a beginning firefighter to \$70,426 a year for a fire inspector. Firefighters are also provided with step increases that provide for three increases and top out at 60 months of service. Longevity pay of up to \$600 per year, topping out at 30 plus years of service, is also provided. The City proposes a 2.25% across the board increase for all members of the bargaining unit. The Union proposes a 2.5% across the board increase for all employees. Both proposals are for a one year increase for the 2011-12 fiscal or contract year.
- b. Vacation Accrual. The current agreement provides in Article 32 that firefighters and lieutenants will earn vacation time on a four-step schedule that ranges from 9 hours and 20 minutes per month for the first seven years of service to 23 hours and 20

minutes per month after 23 years of service. A similar schedule for earning vacation leave applies to the fire inspector. Article 32.1 also details how vacation time and holiday time can be requested, in increments of two hours or more. The City's final offer is to make no change in the current vacation clause. The Union's final offer is to reduce the number of years in each of the four steps or categories by from two years at the first step to from three to four years at succeeding steps. This would mean that bargaining unit members would move to a higher earning vacation accrual rate several years earlier than under the current agreement.

#### ARGUMENTS OF THE PARTIES.

Wages - City. The City uses a list of comparison fire units in 12 cities of similar size in Iowa. These include; Ames, Burlington, Cedar Falls, Clinton, Council Bluffs, Dubuque, Fort Dodge, Iowa City, Marshalltown, Mason City, Sioux City, and Waterloo. The City submits that the 2011-12 wage increases for these comparable cities ranged from 3.0% to 0% for fire units (City Exhibit 7). This Exhibit also reflects that, within the comparison group, Cedar Falls had not settled their contract as of March 2011. The City notes that its offer of 2.25% for 2011 exceeds the average for the group, calculated by the City to be 2.05% (City Exhibit 7). The City argues that its wage offer actually represents a 7.53% compensation package increase, when step increases and other benefit increases are rolled into the basic wage increase (City Exhibit 6). The City submits that firefighter wages in Ames have exceeded the cost-of-living increases for the region since 1992 (City Exhibit 8). Further, the City contends that, when using top salary schedule wage, plus longevity pay, firefighter wages in Ames rank third in the 12 city comparison group (City Exhibit 4). Finally, while the City is not arguing an inability to pay, the

City notes that the area is facing significant pressures from the current economic recession.

The City has managed to absorb cost increases like firefighter pension growth as a measure of the City's effort to continue a competitive compensation package for the fire unit. The City also stresses that its wage settlements with two other City bargaining units were 2.25%, the same as the final-offer to the fire unit (City Exhibit *Introduction pg. 11*). In sum, the City contends that its wage offer of 2.25% is fair and especially comparable with similar fire units in Iowa.

Wages – Union.

The Union supports its final-offer of a 2.5% wage increase for 2011-12 with data from the same comparison group cited by the City. The Union argues that it is seeking a wage increase that is reasonable within the comparison group. Using total compensation, the Union submits that the Ames fire unit ranks 6<sup>th</sup> out of the group of 12 cities (Union Exhibit W-1). The Union further notes that firefighters in Ames handled the highest increase in call volume of all the comparable fire units in Iowa, a five year increase of 45.1% (Union Exhibit W-3). The Union notes the role of handling fire services for Iowa State University and the population growth of the City of Ames as part of this increased burden (Union Exhibit W-3). In sum, the Union submits that it has made a reasonable final-offer on wages that reflects comparability and evidences consideration of the City's financial pressure. The Union urges that its final offer of a 2.5% wage increase for 2011-12 should be selected as the most reasonable.

Vacation Accrual – Union. The Union's final-offer is to modify the current contract terms and reduce the number of years used as categories for calculating paid earned vacation time. Article 32.1 now provides a seven year span for new firefighters to earn 9 hours and 20 minutes each month for paid leave; 14 hours earned per month for the 8<sup>th</sup> through the 14<sup>th</sup>

year of service; 18 hours and 40 minutes of leave per month earned after 14 years of service; and 23 hours and 20 minutes of leave earned per month after 23 years of service. The Union's final-offer is to reduce the first category for firefighters and lieutenants from seven to five years; to improve the second calculation category from 8<sup>th</sup> to 14<sup>th</sup> years to 6<sup>th</sup> through the 10<sup>th</sup> year of service; to improve the third calculation category from 14 years to 10 years; and amend the fourth calculation category from 23 years to 20 years. Similar changes would be made for the fire inspector. The Union stresses that it is seeking only a shift in the timeframe for accrual of paid vacation time, not an increase in the amount of earned vacation time in each category.

The Union submits that Ames is at or near the bottom of vacation accrual rates within the comparison group (Union Exhibit V-2). The Union also notes that only about half of the fire unit employees actually reach their final or maximum accrual (Union Exhibit V-7). The Union argues that the cost to the City for making this change in accrual categories would be only approximately \$18,500 (Union Vacation Accrual Introduction). The Union provides extensive evidence and argument regarding the danger and special nature of the work schedule for firefighters. In sum, the Union maintains that their final-offer on Vacation Accrual will make the Ames fire unit more comparable to Iowa cities of similar size, with minimal financial impact on the City.

Vacation Accrual – City. The City final-offer is to maintain the existing contract language in Article 32. The City argues that paid vacation accrual must be viewed within a total look at paid days off within the comparison group. The City submits that Ames firefighters rank at a tie for 3<sup>rd</sup> highest holiday compensation when days are converted to the Ames pay (City Exhibit 12). The City also argues that, while the total number of paid vacation days for the Ames fire

unit rank in the bottom third of the comparison group, the Ames fire unit employees rank near the top in flexibility regarding their freedom to schedule vacation increments (City Exhibits 13 and 15). Finally, the City contends that there will be a cost increase of nearly \$20,000 during the first year and beyond resulting from the change to the accrual schedule sought in the Union's final offer, since vacation time can be earned in fewer years (City Exhibit 17 and 18). In sum, the City urges that the current vacation accrual system works and compares well and there is no demonstrated need for any change.

#### DISCUSSION

Iowa Code Chapter 20.22 specifies criteria to guide arbitrators in their decision process. These criteria include in summary fashion; the consideration of past collective bargaining contracts and their history, wage, hours, and conditions of employment comparisons with other similar public employees, the interest and welfare of the public, including the power of the employer to levy taxes and appropriate funds, and any other relevant factors. These criteria will be considered here.

Wages. Regarding basic wages, the parties here are obviously very close in their final-offers, with the City at 2.25% and the Union at 2.5%. Both parties use the same comparison group of 12 similar cities in Iowa. This comparison group has been used in the past, as reflected in the history of bargaining between the parties, and will be used by the arbitrator. The evidence demonstrates that the City final-offer is at the low end of the range among 2011-12 wage increases for comparable fire units. This range is from 3.00% to 0%. However, of the nine reported wage increases for 2011-12 in the group, five exceed 2.25% (City Exhibit 7).

Alternatively, Ames now ranks third in the group of 12 when maximum pay, plus longevity, is calculated (City Exhibit 4). This ranking also comports with several Union exhibits that show Ames in the middle of the comparison group on salary and total compensation (Union Exhibits Wage Introduction and W-1). To award an across-the-board pay increase that would be below the group median for 2011-12 would risk a reduction in the relative ranking of Ames fire unit salaries. A 2.25% basic increase would be below the group median, while a 2.5% increase will be at the median of the comparison group. Additionally, both parties testified at the hearing that Ames continues to be able to attract a strong applicant pool for any open positions. Preserving the current ranking of Ames firefighters in the comparison group will better sustain this employment position. Further, the parties had both, at different times in mediation, proposed a 2.5% increase for 2011-12 (Union Exhibit *City 6*). And finally as part of wage comparisons, a 2.5% increase will be near and only slightly above the median of settlements for other City employees, which ranged from 2.25% to 2.5% (City Exhibit *Introduction pg. 11*).

Regarding the impact of a 2.5% increase on the City's ability to pay and the interests of the public, the City did not raise an ability-to-pay argument in the arbitration proceedings. It was noted that 25% of the fire unit's budget is provided by Iowa State University in exchange for fire services. It was indicated in unrefuted testimony at the hearing that state budget issues in higher education in Iowa may put this funding at future risk. As calculated by the City, the across-the-board increases differ in budget impact for 2011-12 only slightly, with a \$69,206 cost for a 2.25% increase under the City proposal and a \$76,169 cost for the 2.5% Union proposal (City Exhibit 6). Therefore, I will award below a 2.5% across-the-board increase for the 2011-12 fiscal year.

Vacation Accrual. As noted above, the City proposes no change in current contract language on the issue of vacation accrual. The Union seeks a reduction in the years in rank needed to move to a higher rate of earning vacation pay. The first category of initial firefighter would earn 9 hours and 20 minutes of paid vacation per month for the first five years, instead of current contract language of earning this same amount of paid vacation for seven years. After five years, instead of the current seven years, the firefighter would move to the earning rate of 14 hours per month. Similar improvements in moving to higher vacation earning rates would also occur, maxing out at 23 hours and 20 minutes per month earned at 20 years of service and beyond. The Union argues that this represents no change in the rate of accruing vacation pay at different levels of service. Further, the Union submits that this issue has an extensive bargaining history and the Union has toned down its earlier, more aggressive position to the more reasonable position reflected in its current final-offer. As both parties note, vacation accrual is an important and complex issue for the parties.

Regarding cost, while there may be compounding of vacation cost over time, there is only modest initial cost contained in the Union proposal. The City calculates this number as an increase of approximately \$20,000 in 2011-12 (City Exhibit 17). Appropriately, no ability to pay argument was raised by the City on the issue of vacation accrual.

As for comparability, on one aspect of vacation accrual, Ames does not compare well on the measure of maximum vacation days that can be earned by senior firefighters. The Ames maximum is 280 hours after 26 years, while the average for the comparison cities is a maximum 355 hours (City Exhibit 13). Only Iowa City is less than Ames at 264, and Sioux City, Fort Dodge, Marshalltown, Waterloo, and Dubuque are close at 280, 280, 280, 288, and 288, respectively, in



terms of maximum vacation hours earned per month (Union Exhibit V-2). However, comparing maximum hours per month of earned vacation time is not the only point of comparison across these similar city fire units. The convenience in personalizing the use of paid vacation time is a significant factor for individual firefighters, who work 24 hour shifts that often impact their personal lives. Here, the Ames fire unit compares very well. Ames firefighters can take their vacation time in increments as small as two hours. Most other fire units must take their vacation in increments of 24 hours or more. Further, up to 29.4% of the Ames firefighters are allowed to be off their shift on paid vacation at any given time. This percentage is well above what appears to be a norm of about 18% (City Exhibit 15). Within the comparison group, only Iowa City seems close to this flexibility in using accrued vacation time. Consequently, on the basis of maximum earned vacation time, Ames does not compare favorably. But on the basis of flexible use of this earned time, Ames is at the top of the same comparison group. Further, the data show that among the five City bargaining units, all but the police unit earn the maximum vacation accrual at 23 years, not at the 20 year mark being sought by the Union here (Union Exhibit V-6). Therefore, I find that, when the current contract terms of Article 32 are compared on both an accrual schedule basis and on the basis of individual flexibility for firefighters, the Ames vacation terms compare reasonably well. The strong vacation provisions that provide individual flexibility in using vacation time have obviously been the result of past negotiations regarding Article 32. And, as noted, this proposed change would provide for an earlier maximum accrual for firefighters than most other City bargaining units. In the instant dispute, only the Union is seeking a change. This puts the burden on the Union to demonstrate a clear

need for awarding a change in any part of the existing clause. I find that, on balance, the Union has not met that burden on vacation accrual.

Therefore, in accordance with the above DISCUSSION, I hereby make the following

AWARD

1. Wages. The final-offer of the Union is selected as the most reasonable. There will be an across-the-board increase of 2.5% for all members of the firefighter unit for the 2011-12 contract year.
2. Vacation Accrual. The final-offer of the City is selected as the most reasonable. There will be no change in Article 32 of the current contract for the 2011-12 contract year.

I certify that the above list of two Issues at Impasse, Wages and Vacation Accrual, represents the total items brought before the arbitrator. The remaining contract terms will remain unchanged or as mutually agreed to by the parties prior to arbitration.



Richard Pegnetter  
Arbitrator  
Estero, Florida

April 6, 2011

RECEIVED BY PERB  
VIA FAX

APR 06 2011

## CERTIFICATE OF SERVICE

I certify that on the 6<sup>th</sup> day of April, 20 11, I served the foregoing Award of Arbitrator upon each of the parties to this matter by ( \_\_\_\_\_ personally delivering) (E-Mailing mailing) a copy to them at their respective addresses as shown below:

I further certify that on the 6<sup>th</sup> day of April, 20 11, I will submit this Award for filing by ( \_\_\_\_\_ personally delivering) (E-Mail mailing) it to the Iowa Public Employment Relations Board, 510 East 12<sup>th</sup> Street, Suite 1B, Des Moines, IA 50319.

Richard Pegnetter  
Richard Pegnetter, Arbitrator  
(Print Name)